

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

January 13, 2006

Legislative Audit Commission
622 Stratton Office Building
Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the second quarter of Fiscal Year 2006 ending December 31, 2005.

FISCAL MATTERS

<i>FY 2006 – SECOND QUARTER</i>				
	<i>Appropriation</i>	<i>Expended</i>	<i>Obligated</i>	<i>Balance</i>
Personal Services	\$ 4,349,900	\$ 2,139,395	\$ 0	\$2,210,505
State Retirement	579,500	166,761	0	412,739
Social Security	323,600	157,154	0	166,446
Contractual Services	700,000	286,127	216,072	197,801
Travel	71,100	35,477	0	35,623
Commodities	20,000	2,998	0	17,002
Printing	22,000	5,643	0	16,357
Equipment	65,000	7,375	0	57,625
EDP	90,000	6,104	10,000	73,896
Telecommunications	75,000	19,042	0	55,958
Oper. of Auto. Equip.	5,000	1,561	0	3,439
Audits/Studies/Invest.*	<u>14,817,000</u>	<u>3,131,812</u>	<u>7,459,543</u>	<u>4,225,645</u>
TOTAL	<u>\$21,118,100</u>	<u>\$5,959,449</u>	<u>\$7,685,615</u>	<u>\$7,473,036</u>
*Audit Expense Fund				

PERSONNEL

<i>PERSONNEL</i>					
	<i><u>10-01-05</u></i>	<i><u>Appointments</u></i>	<i><u>Senarations</u></i>	<i><u>Transfers</u></i>	<i><u>12-31-05</u></i>
Springfield	65	1	3	0	63
Chicago	11	0	0	0	11
TOTAL	<u>76</u>	<u>1</u>	<u>3</u>	<u>0</u>	<u>74</u>

CONTRACTS

During the second quarter of Fiscal Year 2006 the Office of the Auditor General entered into four financial/compliance audit contracts, seven performance audit contracts, and four information systems audit contracts.

TRAINING

During the second quarter of Fiscal Year 2006, OAG-sponsored training included:

- Compliance Audit Issues Update: Oct 05
- Illinois OAG Audit Policies and Procedures
- Ethics
- Assessing Internal Controls & Effective Writing for Government Auditors (Video)

Additional external-sponsored training in which staff participated included:

- Technology Tools and Other Considerations in Developing Sustainable SOX Compliance
- NSAA IT Conference
- Debt Collection and Interception of Federal Payments
- SIAAB Annual Conference
- Overview of the Auditor General's Office
- From Compliance To Sustainable IT Governance
- Overview of New AICPA Audit Risk Standards

PERFORMANCE AUDITS

<i>PERFORMANCE AUDITS IN PROGRESS</i>
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<i>AUDITS</i>	<i>ESTIMATED RELEASE DATE</i>
<ul style="list-style-type: none">• Management and Program Audit of Department of Commerce and Economic Opportunity's Administration of its Economic Development Programs (<i>House Resolution No. 671</i>)	Winter 2006
<ul style="list-style-type: none">• Management and Program Audit of the Department of Transportation's Traffic Safety Programs (<i>LAC No. 129</i>)	Winter 2006
<ul style="list-style-type: none">• Study of State Employee Travel Between Chicago and Other Illinois Cities (<i>LAC No. 131</i>)	Winter 2006
<ul style="list-style-type: none">• Study of Duplicate Programs (<i>LAC No. 130</i>)	Summer/Fall 2006
<ul style="list-style-type: none">• Program Audit of the Department of Financial and Professional Regulation's Disciplining of Physicians (<i>House Resolution No. 16</i>)	Spring 2006
<ul style="list-style-type: none">• Management Audit of I-SaveRx Program and Ecosse Hospital Products, Ltd. Flu Vaccine Contract (<i>House Resolution No. 394</i>)	Spring/Summer 2006
<ul style="list-style-type: none">• Audit of the Chicago Transit Authority, Regional Transportation Authority, Pace, and Metra (<i>House Resolution Nos. 479 and 650</i>)	Summer/Fall 2006
<ul style="list-style-type: none">• Management Audit of the Business Enterprise Program and IDOT's Certification of Businesses as DBEs (<i>Senate Resolution 102</i>)	Spring 2006
<ul style="list-style-type: none">• Rend Lake Conservancy District Follow-up (<i>LAC No. 133</i>)	Fall 2006
<ul style="list-style-type: none">• Management Audit of Illinois Department of Transportation: Aeronautics Operations (<i>LAC No. 135</i>)	Winter 2007

REGIONAL OFFICES OF EDUCATION AUDITS

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. As of December 31, 2005, all 48 fiscal year 2004 audits had been released.

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS

The following is a listing of financial audits, single audits and compliance attestation examinations for the period(s) ending June 30, 2005, September 30, 2005, December 31, 2005, and April 30, 2006. As the year progresses the “date released” column will be completed.

<i>FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS FOR THE PERIOD(S) ENDING JUNE 30, 2005, SEPTEMBER 30, 2005, DECEMBER 31, 2005, AND APRIL 30, 2006</i>

F = Financial

S = Single Audits

C = Compliance Attestation Examinations

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Architect of the Capital				
Arts Council and Foundation				
Attorney Registration and Disciplinary Commission				
Board of Admissions to the Bar				
Board of Higher Education				
Capital Development Board				
Chicago State University				
Chicago State University Foundation				
Chicago Technology Park				
Chicago Transit Authority (12/31/05)				
Civil Service Commission				
Commission on Government Forecasting and Accountability				
Commission on Intergovernmental Cooperation				
Comptroller – Fiscal Officer				
Correctional Industries				
Court of Claims				
Criminal Justice Information Authority & IL Integrated Justice Information System				
DCMS – Deferred Compensation Plan – (12/31/05)				

FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE ATTESTATION EXAMINATIONS

AGENCY	F	S	C	DATE RELEASED
Deaf and Hard of Hearing Commission				
Department of Agriculture				
Department of Central Management Services (Follow-up for FY 04 audit findings)			x	10-26-05
Department of Central Management Services				
Department of Children and Family Services				
Department of Employment Security				
Department of Financial and Professional Regulation				
Department of Human Rights				
Department of Human Services – <i>Central Office and Lincoln Developmental Center</i>				
Dept. of Human Services - <i>Alton Mental Health Center</i>				
Dept. of Human Services - <i>Center for Rehabilitation & Education</i>				
Dept. of Human Services - <i>Chester Mental Health Center</i>				
Dept. of Human Services - <i>Chicago Read Mental Health Center</i>				
Dept. of Human Services - <i>Choate Mental Health Center</i>				
Dept. of Human Services - <i>Elgin Mental Health Center</i>				
Dept. of Human Services - <i>Fox Developmental Center</i>				
Dept. of Human Services - <i>Howe Developmental Center</i>				
Dept. of Human Services – <i>Jacksonville Developmental Center</i>				
Dept. of Human Services - <i>Kiley Developmental Center</i>				
Dept. of Human Services - <i>Ludeman Developmental Center</i>				
Dept. of Human Services - <i>Mabley Developmental Center</i>				
Dept. of Human Services - <i>Madden Mental Health Center</i>				
Dept. of Human Services – <i>McFarland Mental Health Center</i>				
Dept. of Human Services – <i>Murray Developmental Center</i>				
Dept. of Human Services - <i>School for the Deaf</i>				
Dept. of Human Services - <i>School for the Visually Impaired</i>				

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

AGENCY	F	S	C	DATE RELEASED
Dept. of Human Services - <i>Shapiro Developmental Center</i>				
Dept. of Human Services - <i>Singer Mental Health and Developmental Center</i>				
Dept. of Human Services - <i>Tinley Park Mental Health Center</i>				
Department of Labor				
Department of Natural Resources				
Department of Public Aid				
Department of Public Health				
Department of Revenue				
Department of Transportation				
Drycleaner Environmental Response Trust Fund Council				
DuPage Water Commission (04/30/06)				
DuQuoin State Fair (09/30/05)				
Eastern Illinois University				
Eastern Illinois University Alumni Association				
Eastern Illinois University Foundation				
Educational Labor Relations Board				
Emergency Management Agency				
Environmental Protection Agency				
Executive Office of Inspector General				
General Assembly – Senate and House				
General Assembly Retirement System				
Governors Commission on the Status of Women				
Governors Office of Management and Budget				
Governors State University				
Governors State University Alumni Association				
Governors State University Foundation				
Guardianship and Advocacy Commission				

***FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS***

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
High School Association				
Housing Development Authority				
Human Rights Commission				
Illinois Accountancy Board				
Illinois Commerce Commission				
Illinois Community College Board				
Illinois Conservation Foundation				
Illinois Environmental Protection Agency and Trust Fund Commission				
Illinois Finance Authority				
Illinois Grain Insurance Corporation				
Illinois Labor Relations Board				
Illinois Math and Science Academy and IMSA Fund				
Illinois Petroleum Resources Board				
Illinois Planning Council on Developmental Disabilities				
Illinois State Fair (09/30/05)				
Illinois State University				
Illinois State University Foundation				
Illinois Student Assistance Commission, IDAPP and Prepaid Tuition				
Illinois Supreme Court				
Judges Retirement System				
Kankakee River Valley Area Airport Authority				
Legislative Audit Commission				
Legislative Printing Unit				
Legislative Reference Bureau				
Legislative Research Unit				
Literacy Foundation				

***FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS***

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Medical District Commission				
Medical District Commission at Springfield				
METRA (12/31/05)				
Metro. Pier and Exposition Authority				
Northeastern Illinois University				
Northeastern Illinois University Foundation				
Northern Illinois University				
Northern Illinois University Alumni Association				
Northern Illinois University Foundation				
Office of the Governor				
Office of the Lieutenant Governor				
PACE (12/31/05)				
Pension Laws Commission				
RTA (12/31/05)				
Secretary of State				
Southern Illinois University				
Southern Illinois University Carbondale – Alumni Assoc.				
Southern Illinois University Carbondale – Foundation				
Southern Illinois University Carbondale Foundation Evergreen Terrace				
Southern Illinois Univ. Edwardsville – Alumni Assoc.				
Southern Illinois University Edwardsville – Foundation				
Southern Illinois University Physicians and Surgeons				
Southern Illinois University Research Park				
Southern Illinois University – University Park				
State Board of Education				
State Board of Elections				
State Board of Investment				

**FINANCIAL AUDITS, SINGLE AUDITS AND
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
State Employees' Retirement System				
State Universities Retirement System				
Statewide Single Audit				
Summer School for the Arts				
Teachers' Retirement System				
Teachers' Pension and Retirement System – Chicago				
Toll Highway Authority (12/31/05)				
Treasurer – Bright Start College Savings Program				
Treasurer – Fiscal Officer				
Treasurer – Illinois Funds				
Treasurer – Non-fiscal officer				
Universities Civil Service Commission				
University of Illinois				
University of Illinois Alumni Association				
University of Illinois Foundation				
University of Illinois – Prairieland Energy, Inc.				
University of Illinois – Research Park LLC				
University of Illinois – Ventures LLC				
University of Illinois – Wolcott Wood & Taylor, Inc.				
Upper River Valley Development Authority				
Western Illinois University				
Western Illinois University Foundation				
Workers Compensation Commission				

INFORMATION SYSTEMS AUDITS

These audits are components of each agency's regularly scheduled financial audits, single audits and compliance attestation examinations for the period ending June 30, 2005.

<i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2006</i>	
•	Board of Higher Education
•	Department of Central Management Services
•	Department of Central Management Services – BCCS 3 rd Party Review
•	Department of Children and Family Services
•	Department of Financial and Professional Regulation
•	Department of Human Services
•	Department of Labor
•	Department of Public Aid
•	Department of Public Health
•	Eastern Illinois University
•	Governors Office of Management and Budget
•	Illinois Commerce Commission
•	Illinois Criminal Justice Information Authority
•	Illinois Finance Authority
•	Illinois Student Assistance Commission
•	Office of the Comptroller
•	Secretary of State
•	State Board of Education
•	State Board of Elections
•	University of Illinois
•	Workers Compensation Commission

EMERGENCY PURCHASES

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the second quarter of Fiscal Year 2006 and it contains sixty seven filings with this Office.

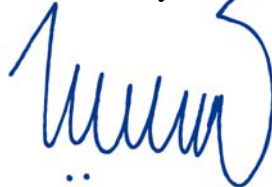
CONTRACTUAL SERVICES CERTIFICATIONS

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive based on retirement before 1993. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the second quarter of Fiscal Year 2006, the Auditor General received no new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,



WILLIAM G. HOLLAND
Auditor General